

UK House Price Index

2.0%

Annual UK house price inflation, Dec 2024

13%

Year-on-year increase in buyer demand

17%

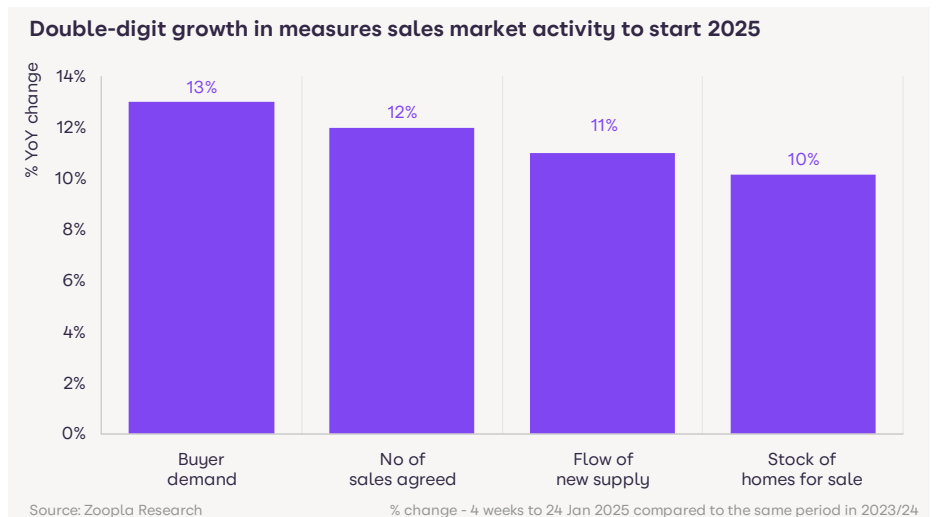
Homeowners looking to move now or in the next 2 years

Executive summary

- 2025 sales market gets off to a stronger start than in 2024 & 2023
- Buyer demand is 13% higher than a year ago, with 10% more homes for sale and 12% more sales agreed
- The removal of stamp duty relief from April has boosted first-time buyer demand in price bands with steepest tax increases
- UK house price inflation is running at +2.0% versus -0.9% last year
- Price inflation ranges from 7.7% in Northern Ireland and 3.2% in the North West to 1% in the East of England
- There has been an increase in people looking to buy now or in next 2 years - 22% of renters and 17% of homeowners

“2025 is off to a better start than the previous 2 years. This bodes well for market activity over the rest of the year and supported by more people looking to buy in the next 2 years”

Richard Donnell
Executive Director - Research



12%

Growth in sales agreed vs a year ago

Sales market momentum from 2024 spills into 2025

The momentum in sales market activity over 2024 has spilled over into 2025 despite concerns over mortgage rates drifting higher and some softening in consumer confidence over the economic outlook.

The number of homes for sale is 10% higher than this time last year¹ with the average estate agent branch having 31 homes for sale - the highest January total for 7 years. More sellers means more buyers too, with demand 13% higher than this time last year¹ and 26% higher than at the start of 2023. Sales agreed are up 12% as some buyers attempt to beat the reduced stamp duty deadline at the end of March².

UK house price inflation stood at +2% at the end of December 2024, up from -0.9% a year ago and the fastest growth rate since April 2023.

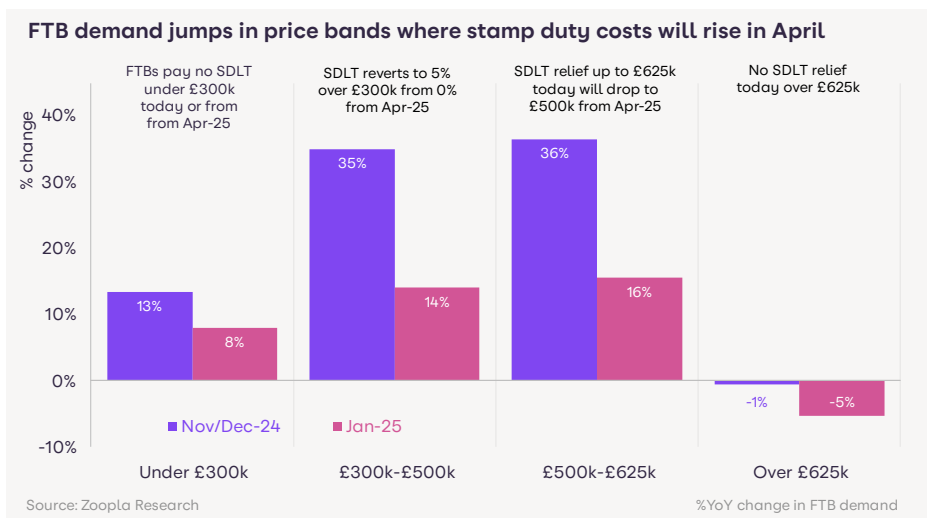
Higher stamp duty from April has boosted demand

The October 2024 Budget confirmed that more buyers would pay higher stamp duty in England and Northern Ireland from April 2025 - both existing owners and first-time buyers (FTBs).

FTB demand jumped by over a third in November and December 2024 in the price bands where stamp duty for FTBs will increase the most - between £300,000 and £625,000. Buyer demand increased more slowly below £300,000, where FTBs will continue to pay no stamp duty, and over £625,000, where there remains no tax relief for FTBs.

It is now too late for buyers to agree and complete on a property purchase before the end of March 2025 in order to pay lower stamp duty. We don't see a cliff edge in demand coming as FTB interest remains higher year-on-year, in line with the wider market.

Homeowner demand has also increased since Autumn Budget, but to a lesser degree, as the extra stamp duty from April (up to £2,500 per purchase) will be less impactful than the extra cost for FTBs buying in the £350,000 to £625,000 price range³.



1 Comparing 4 weeks to 24 January 2025 with same period in 2024

2 Applies to England and Northern Ireland

3 Homeowners buying property over £250,000 will pay up to £2,500 more in stamp duty per purchase from April 2025 while a FTB buying at £500,000 would pay an extra £6,250 in stamp duty.

5.6%

House price inflation in Wigan (North West) - the fastest growth market in 2024

Earnings rising faster than house prices for 2 years

House price inflation remains in low single digits across most of the country. The average UK house price stands at £267,700, representing an increase of £5,200 or 2% over 2024.

Low house price growth is down to the ongoing impact of higher mortgage rates on buying power, and wider cost of living pressures. Housing affordability is slowly improving as mortgage rates stabilise in the 4-5% range and earnings rise faster than house prices - a trend that has been running since December 2022.

Annual earnings growth remains over 5%, a factor playing a key role in resetting housing affordability. This sets a scene for above-average house price inflation in areas with jobs growth and lower house prices.

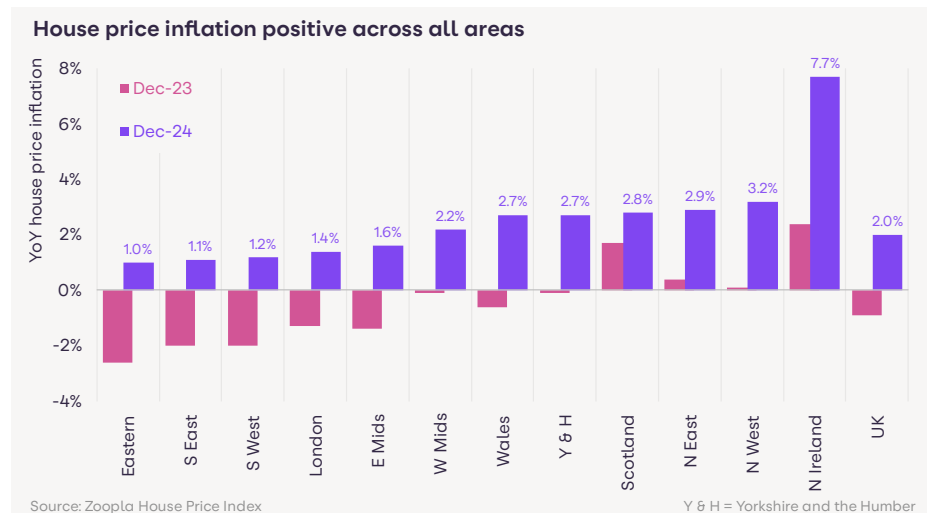
House price inflation increases across all markets

The fastest growth in average house prices is in Northern Ireland (7.7%), where prices are rebounding off a low base, followed by North West England (3.2%).

The North West of England, Scotland and Northern Ireland have recorded faster employment growth over the last 2 years than the regions of southern England⁴. Locally, prices are rising the fastest in Wigan in the North West (5.6%) and Motherwell in Scotland (4.9%).

Southern regions of England are recording the lowest rates of house price inflation, below 1.5%. The recent boost to FTB demand is more concentrated in London and South East England and we expect this to support near-term price inflation in these regions.

There are signs that the recent upturn in prices is starting to level out as mortgage rates drift higher and buyers have plenty of homes to choose from. This will keep price inflation in check over 2025, but the current north-south divide in house price inflation is expected to continue over the year ahead.



⁴ Analysis of ONS dataset, JOBS05 - Workforce jobs by region and industry (seasonally adjusted), December 2024

25%

Homeowners with no immediate plans to move but watching the market

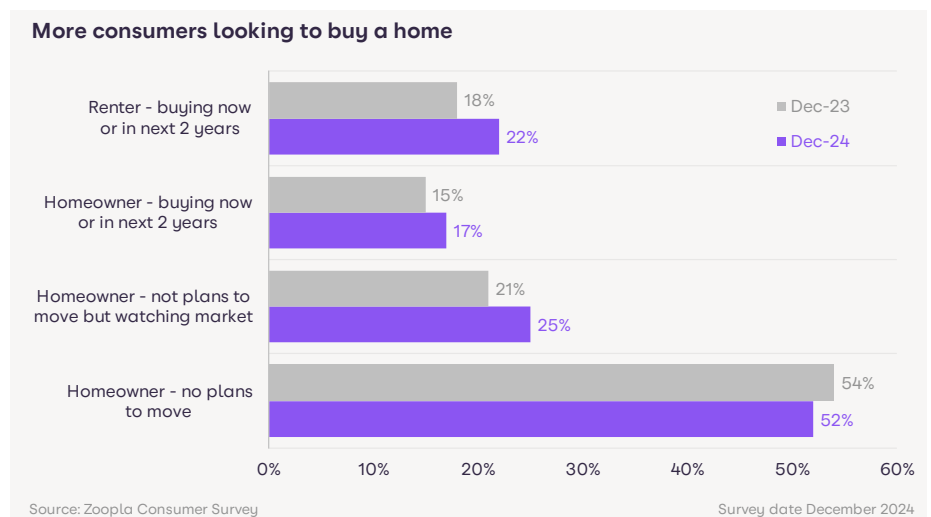
Increase in households looking to buy in 2025

While there is speculation that demand may cool after stamp duty costs rise from April 2025, we find that there is an increased appetite amongst consumers to move home in the next 2 years.

Zoopla’s Monthly Consumer Tracker⁵ shows there has been an increase in the proportion of renters and existing homeowners looking to buy compared to a year ago. This is down to households delaying decisions in the face of higher mortgage rates in recent years and expectations of base rates cuts in 2025.

Over a fifth of renters want to buy a home, having seen the cost of renting rise rapidly over the last 2 years. Renters buying homes are a driving force in the FTB market, which we expect to be the largest buyer group once again in 2025.

Just under a fifth of homeowners want to move in the next 2 years, while a quarter have no immediate plans to move but are keeping a close watch on the market should circumstances change.



Outlook

The first few weeks of each year tend to provide a clear indication of how the rest of the year will unfold. 2025 has started off better than in 2024 and 2023. This bodes well for market activity over the rest of the year, supported by evidence of more people looking to move.

While some are rushing to beat the new stamp duty levels by March we don’t see this having a major impact on activity overall. 3 in 5 FTBs will still pay no stamp duty from April and the extra costs on homeowner movers remain manageable.

A healthy stock of homes for sale will keep price rises in check and we are forecasting that average UK house prices will rise by 2.5% in 2025, with 5% more sales taking place than last year, at 1.15m. Rising incomes and base rate cuts are set to continue to improve housing affordability over 2025.

⁵ Zoopla Consumer Tracker Survey December 2024 - a nationally representative survey of consumers’ housing market intentions, weighted to the stock and tenure of housing

House Price Index - Country, region and city summary

Note: The Zoopla house price index is a repeat sales-based price index, using sold prices, mortgage valuations and data for agreed sales. The index uses more input data than any other and is designed to accurately track the change in pricing for UK housing.

December 2024 Index
(Published January 2025)

Source: Zoopla House Price Index

Region/City	Annual % change in house price
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City	Annual % change in house price
1 Belfast	7.9%
2 Manchester	3.6%
3 Liverpool	3.5%
4 Sheffield	2.9%
5 Birmingham	2.6%
6 Glasgow	2.4%
7 Cardiff	2.4%
8 Nottingham	2.3%
9 Newcastle	2.2%
10 Leeds	2.1%
11 Bristol	1.7%
12 Bournemouth	1.6%
13 Southampton	1.3%
14 Portsmouth	1.3%
15 Oxford	1.2%
16 Cambridge	1.0%
17 Edinburgh	1.0%
18 Leicester	0.9%
19 Aberdeen	0.4%

United Kingdom	2.0%
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Zoopla House Price Index, city summary, December 2024

Source: Zoopla House Price Index. Sparklines show last 12 months trend in annual and monthly growth rates - red bars are a negative value - each series has its own axis settings providing a more granular view on price development.

	Average price	%YoY Dec-24	%YoY Dec-23	Monthly trend	Annual trend
United Kingdom	£267,700	2.0%	-0.9%		
20 City Composite	£308,100	1.9%	-0.4%		
Belfast	£181,700	7.9%	2.7%		
Manchester	£230,200	3.6%	0.3%		
Liverpool	£161,000	3.5%	1.0%		
Sheffield	£174,800	2.9%	0.2%		
Birmingham	£212,300	2.6%	-0.1%		
Cardiff	£255,000	2.4%	-0.5%		
Glasgow	£152,900	2.4%	3.0%		
Nottingham	£205,100	2.3%	-0.5%		
Newcastle	£157,700	2.2%	1.3%		
Leeds	£213,000	2.1%	0.5%		
Bristol	£341,800	1.7%	-1.3%		
Bournemouth	£328,900	1.6%	-2.9%		
London	£535,100	1.4%	-1.3%		
Portsmouth	£278,800	1.3%	-2.5%		
Southampton	£257,700	1.3%	-1.8%		
Oxford	£449,900	1.2%	-1.3%		
Cambridge	£471,900	1.0%	-1.7%		
Edinburgh	£275,700	1.0%	1.8%		
Leicester	£228,500	0.9%	-1.5%		
Aberdeen	£137,300	0.4%	-2.7%		

Source: Zoopla House Price Index. Sparklines show last 12 months trend in annual and monthly growth rates – red bars are a negative value – each series has its own axis settings providing a more granular view on price development.

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